

IT IS CLAIMED:

1. A method for predicting the probability of consummation of a securities investment order comprising the steps of:
storing in a memory the record of prices at which transactions in said security were previously consummated;
computing the autocorrelation distribution of the price of said security at a selected lag interval based on the record of the deviation of said prices stored in said memory from an average price;
determining the variance of said autocorrelation distribution;
obtaining a square root of said variance to provide a numerical indication of one standard deviation; and
assigning to said variance the characteristics of a normal statistical distribution having a predetermined probability corresponding to said standard deviation.
2. A method according to Claim 1, wherein:
said step of computing said autocorrelation function includes the further steps of
continuously deriving an average price of said security at a first time and at a second time and subtracting said average price from said security price to obtain a price deviation.
3. A method according to Claim 2, wherein:
said step of determining said variance includes the further step of assigning a corresponding statistical probability to each said price deviation.

4. A method according to Claim 2, wherein:

said average price is a mean price; and

said normal statistical distribution is substantially symmetrical about said mean price.

5. A method according to Claim 1, wherein:

said step of computing said autocorrelation function includes the further steps of

continuously deriving a mean price of said security at a first time and at a

second time and subtracting said mean price from said security price to obtain

a price deviation.

6. A method according to Claim 5, wherein:

said step of determining said variance includes the further step of assigning a

corresponding statistical probability to each said price deviation.

7. A method for automatically effecting securities trades comprising the

steps of:

determining the first instance of the most recent preceding transaction price of a

security together with a current average price of said security, said current

average price of said security corresponding to an average of a predetermined

number of preceding transaction prices thereof;

determining a second instance of the most recent delayed transaction price of a

security together with a delayed average price of said security, said delayed

average price of said security corresponding to an average of a predetermined

number of delayed transaction prices thereof;

(Claim 7, cont'd.)

subtracting said most recent transaction price from said current average price to provide a current price difference and said delayed transaction price from said delayed average price to provide a delayed price difference;
performing a correlation analysis between said current price difference and said delayed price difference to produce a correlation coefficient therebetween;
accumulating said correlation coefficients to produce a distribution thereof; and
converting said distribution to a normal distribution.

8. A method according to Claim 7, wherein:

said step of accumulating correlation coefficients further includes the steps of
determining the variance of said correlation distribution, obtaining a square root of said variance to provide a numerical indication of one standard deviation and assigning to said variance the characteristics of a normal statistical distribution having a predetermined probability corresponding to said standard deviation.

9. A method for effecting securities trades by way of a computer network including a central processing station and a plurality of data processing consoles all tied to a common communication network, comprising the steps of:
comparing the sales orders of one security against the buy orders of other securities to produce a correlation coefficient indicating the level of correlation therebetween;

(Claim 9, cont'd.)

transacting said one security based, in part, on said correlation coefficient, including a transaction price therefor corresponding in part to said correlation coefficient;
and
offsetting the transaction of said one security in accordance, in part, with said correlation coefficient.

10. A method according to Claim 9, wherein:
said one and other securities are each market indices.

11. A method according to Claim 9, wherein:
said one security is a fund.

12. A method according to Claim 9, wherein:
said one and said other security are each funds.

13. A method according to Claim 9, wherein:
said one security is a market index.

14. A distributed processing system useful in effecting securities transactions,
comprising:
a computer communication network conformed to transmit thereon a first data in the
form of electrical signals, said first data including price and volume information
concerning securities;

(Claim 14, cont'd.)

a central processing facility connected to said communication network, said facility

including a first processor for processing said first data in accordance with one or more processing instruction sequences, a temporary memory for storing said first data and any output of said first processor, a video display and a permanent memory useful in storing other data and said instruction sequences;

a plurality of processing consoles each connected to said network and each including a

corresponding second processor for processing data in accordance with one or more instruction sequences, a temporary memory for storing such parts of said first data as are directed to said second processor and a second video display;

said instruction sequences including a first computation sequence for conforming said

first or said second processor to compute the autocorrelation distribution

function of the price of a selected one of said securities and a second instruction

sequence for conforming said first processor to match a transaction order in said processing console with another transaction order; and

selection means included in each said processing console for allowing manual

selection of a selected price within the prices comprising said distribution

function.

15. A system according to Claim 14, wherein:

said instruction sequences further include a third instruction sequence conformed to

direct said first processor to compute the correlation of the price of one security with the price of other securities.

